Chain Store Age
Supermarkets
NEWSMAGAZINE FOR CORPORATE CHAINS, CO-OPS & VOLUNTARIES
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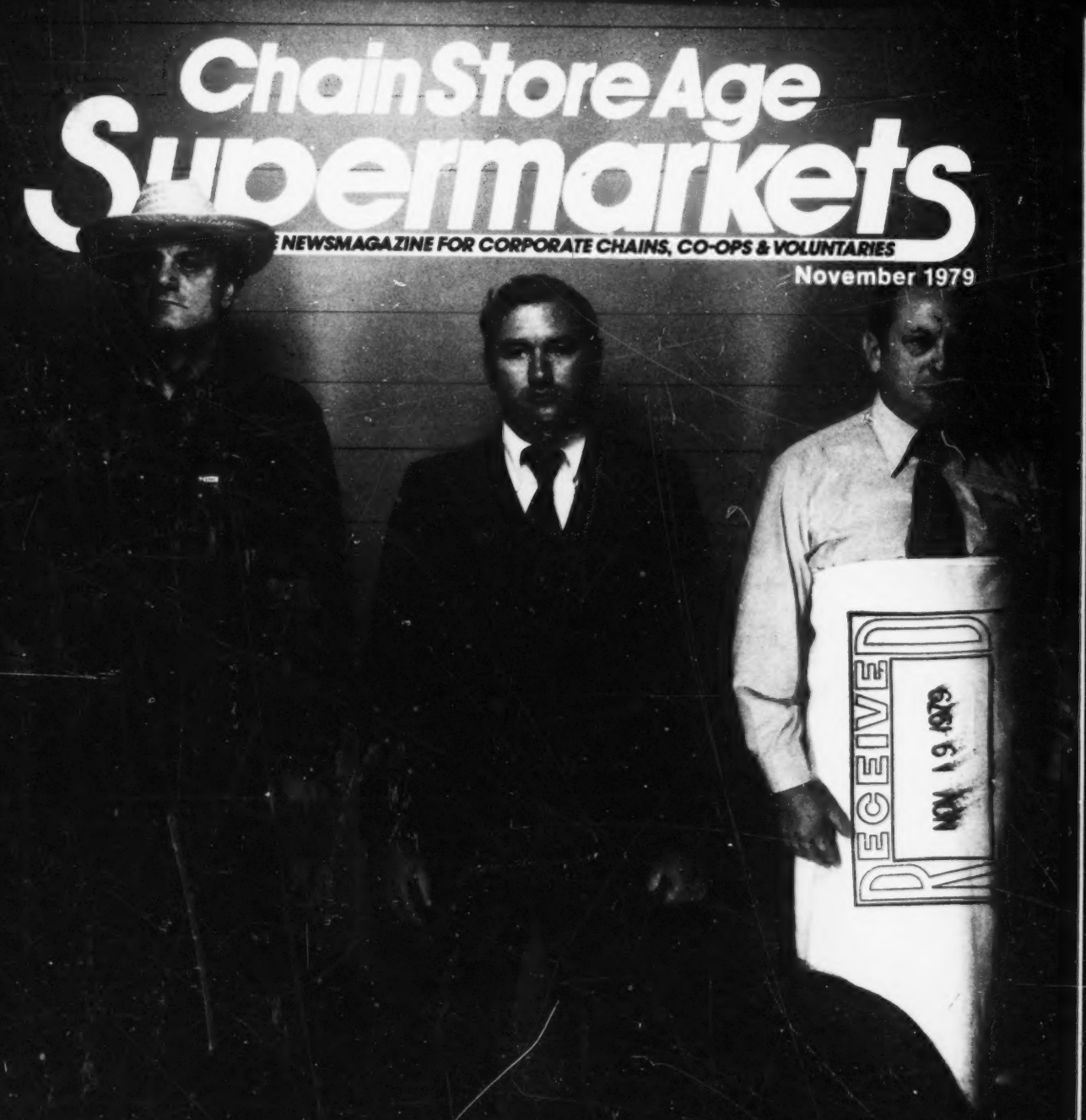

Rising food prices
Who's guilty?

Meat, readying for a comeback
SPECIAL REPORT

Chain Store Age
Supermarkets

57 **Special Meat Report**

High beef prices, coupled with tight supply, spell a tricky year ahead for the supermarket meat department.

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EXPRESS CHECKOUT

Country Market focuses on fresh

Stop & Shop is billing it as a new venture, and one step inside the First Stop Country Market stamps it as unlike anything seen before.

Located in a former Stop & Shop supermarket in Saugus, Mass., the Country Market offers a unique blend of style and service that captures the flavor of an Old World emporium.

"It's not a supermarket and it's not a gourmet shop," says Spike Gavris, vice president-marketing and sales for the parent company and one of the brainstormers of the new concept. "It's a marketplace where the focus is on fresh food products."

Shoppers choose from a limited but select mix of fresh iced poultry and fish, loosely displayed fruits and vegetables, smoked and fresh meats and cheeses, fresh fruit salad and sandwiches, and frozen foods. While the 23,000-sq.-ft. market (with 12,500 sq. ft. of selling area) matches the size of a medium supermarket, the total number of items is no more than 1,500.

Rather than walk up and down aisles, shoppers "circle" the individual food centers making their selections. The center attraction of the Country Market is a shop featuring fresh ground coffee, nuts, dried fruits, cereals and grains, candies, olives and other "old grocer" services.

Tapes give supers education in security

Security-minded supermarketers can beef up their stores of knowledge with a series of three tape cassettes available from the National Association of Retail Grocers of the United States.

The tapes, which can be bought from the NARGUS headquarters in Washington, D.C., were developed by business security specialist Bob Curtis.

Subjects covered include how to control bad check losses; how to spot the high-risk employee; and who steals and why.

Survey shows spending outlook still a gloomy one

Consumer gloom about spending is likely to continue at least through the end of the year, according to Management Horizons Inc., even though a recent survey shows a slight gain in consumer spending confidence.

The consulting group surveyed more than 1,000 consumers in September. Although supermarkets and restaurants were not included, the effort is considered a good indicator for retailing in general.

The study shows that 20.5% of those surveyed felt they had more money to spend in September, up from 17.2% in July but still below the comparable figure for September 1978. Fewer shoppers also said they had less money to spend. But Management Horizons says the findings do not include a true lessening of pessimism.

"Management Horizons continues to advise a cautious attitude in sales and merchandise planning for the Christmas season," the group says, adding, "We see no evidence to suggest that the current consumer recessionary tendencies will abate before the end of the year."

K mart enters L.A. food fight

The plot thickens. It isn't enough that supermarkets and drug chains like Sav-On's 135 units in California have been locked in a growing food fight.

Now K mart, the aggressive Michigan-based discount store chain, has gotten into the act. Utilizing a full-page ad approach, much like that of Sav-On, K mart launched its Food-a-rama sale in 45 stores throughout Los Angeles and Orange County in a pre-Labor Day ad break.

In a move alien to most supermarket operators, K mart authorized Master Charge and Visa credit card usage for purchases of the food items carried in the ad.

Latest survey results

All households	% Sept. '79	% July '79	% Sept. '78
Money to spend: compared to a year ago, your family has			
—More money	20.5	17.2	23.8
—About the same	36.5	33.1	33.4
—Less money	42.0	48.2	41.3
—Don't know	1.0	1.6	1.5
Family savings			
—Adequate for present	43.8	38.3	39.6
—Inadequate for present	50.1	55.8	54.0
—Don't know	6.1	5.9	6.4
Time payments			
—% with payments	78.6	76.4	75.4
—% worried about payments	12.5	12.1	10.3
In three months, expect to			
—Increase payments	14.9	11.7	12.9
—Decrease payments	20.4	16.7	14.9

Is beef readying for a comeback?

The current increase in herd production won't be felt until 1982. But by then altered consumer tastes may create a market glut

☐ Supply problems continue to dominate the current supermarket meat department scene, and 1980 promises little immediate improvement in this situation. Beef prices will still be rising next year, though the rate of increase should be more manageable, and some consumer dollars will undoubtedly be diverted to pork, poultry and meat stretchers like pasta.

The good news is that beef producers appear to have finally sighted the light at the end of the tunnel. Unfortunately, it's still a long way down the track.

While most observers agree that the cattle cycle has now reached its low ebb, recovery can't come overnight. It takes about 3½ years to put one animal through the entire breeding process, so steak and burger lovers will probably have to wait until 1982 to fully satisfy their cravings at attractive prices.

Total meat consumption actually declined slightly in poundage in 1978, dropping from 41.4 billion lb. to 40.3 billion lb. Due to higher prices, however, total meat sales increased 10.3% to $27.6 billion.

Although final data is not yet available, 1979 has continued the previous year's trend. The sharp decline in beef supply has dropped per capita meat consumption to the 175-lb. level, but meat department dollar sales should increase by 15%. Retailers have generally held the line on meat margins, so supers' gross profit dollars should be 10% higher for the year.

The hot question remains: What will consumers do in 1980? A recent study by the National Cattlemen's Association reveals that roughly 75% of shoppers find beef prices "out of line," but a new round of meat boycotts is most unlikely. People are more anxious to find ways of coping with the situation than in organizing mass protests.

Pork will be plentiful in 1980 and could account for up to 40% of retail meat volume (vs. 33% in 1978). "We've only been a beef society for 40 years," notes Bob Hamilton of Dubuque Beef Packers, Denison, Iowa, "and now we may be headed back to pork."

In the backroom: Many supermarket operators are mounting a major effort to streamline and modernize their meat-handling procedures. In most cases this means a shift to boxed beef programs.

In the decade since its introduction, boxed beef has swept the industry despite static from the unions and a few other skeptics. The lure of lower, controlled labor costs and elimination of waste has proven irresistible to supermarketers, however.

A study by the Food Marketing Institute reveals that 60% of all supermarket operations utilize boxed beef, with the figure projected to climb to 79% by 1982. Independent retailers, who had been shut out of boxed beef during the mid-1970's, are climbing on the bandwagon as more cooperatives and voluntaries make the switch.

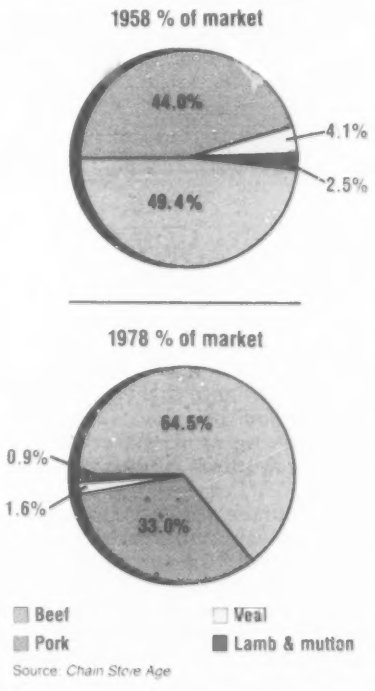
Boxed beef is most popular in the West and Northeast, while only 38% of Midwest supers receive meat in this form. Restrictive union contracts in cities like Chicago, St. Louis and Kansas City are the main reason, but the meatcutters appear ready to relax some of their objections.

Centralized meat cutting is also finding favor, especially on the West Coast. Greater efficiency in product utilization, uniformity of cuts and reduced labor costs are the main reasons chains like Ralphs and Vons have moved in this direction.

Outlook: Prices are certain to increase for most meats in 1980. Even though poultry and pork will be

Consumption trends

Retail meat share of market



Source: *Chain Store Age*

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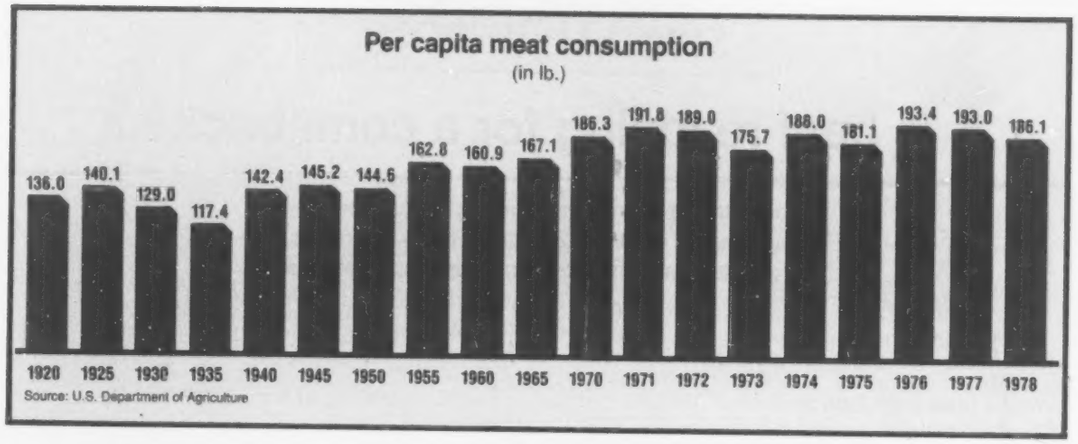


abundant, the steady increase in beef retails will have an inflationary effect on the entire department.

Some trading down by consumers is inevitable, despite the fact that it's cheaper cuts that have experienced the largest percentage price jumps. Consumers will be restive, but not activist, though there will be pressure on supermarket companies to shave meat margins despite the fact that they are somewhat on the thin side.

In general, 1980 should be a solid year for the meat department, with prospects for better times improving in the second half. □

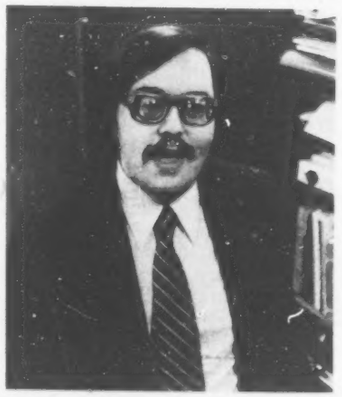
Meat price trends
(1967 = 100.0)

	1974	1975	1976	1977	1978
All items	147.7	161.2	170.5	181.5	195.4
All food	161.7	175.4	180.8	192.2	211.4
Food at home	162.4	175.8	179.5	190.2	210.2
Food away	159.4	174.3	186.1	200.3	218.4
All meats	164.1	177.9	178.2	174.2	206.8
Beef & veal	168.5	170.0	164.5	163.6	201.0
Pork	161.0	196.9	199.5	188.8	213.1
Other meats	159.2	168.5	178.4	177.3	208.8

Source: U.S. Department of Labor

VIEWPOINT

Washington's latest war on cows



□ Who's to blame for low supply and high prices for beef? There's no pat answer. When things go sour, as they have in the meat business, it's not surprising to find lots of people hunting for the cause—and generally finding an explanation that dumps minimal blame on themselves.

The current situation is too complex for such easy answers. Among factors that have brought on the present crunch are the unsatisfied demand for beef, the need to bolster weak cattle prices and even the intense competition between retailers and fast feeders for domestic ground beef.

Still, in conversations with representatives of all meat industry segments, Government's role in upsetting the natural equilibrium of the marketplace draws the heaviest fire. And critics of the Carter Administration have some potent ammunition:

- Never have wholesale meat prices fluctuated as wildly as in the last 18 months.
- Never has the reduction in the cattle herd been as dramatic.
- Never have cattlemen, after four consecutive losing years, been in more dire economic straits.

"When beef prices were low, everyone thought the law of supply and demand was just great," grumbles J. W. Swan, chairman of the Cow-Calf/Stocker Council of the National Cattlemen's Association. "But then when prices rose, some self-appointed protectors of the public started talking about repealing the law."

Events of the past two years give credence to the assertion that the Government has jeopardized long-range beef supply by tinkering with the normal course of supply and demand. Certainly, we all want the best deal possible for the nation's consumers, but hit-and-miss tinkering is no substitute for educating the public. Only when consumers are made to understand that they can not buy a particular commodity without limit, without driving prices up, will this country be on the road to a sensible meat policy.

—Arnie Katz

SPECIAL REPORT

Selling beef outside

With higher beef prices and lower volume, isn't this a good time for chains with central plants to sell long-supply items to outside sources?

A handful of chains are moving in that direction. Stop & Shop's Blaine Breidenstein calls it a "major growth area for us." Stop & Shop not only packs private label beef for a meat wholesaler (Roger Williams Foods, Cumberland, R.I.), but sells more than 5% of its production to other outside sources. The chain ships chucks to the U.S. Government under contract, as well as rounds to a distributor who supplies small retailers.

Says Breidenstein: "With the high cost of capital investment, it's important that we maximize our production. Yet we are competing with major box beef packers such as Iowa and Missouri, so we've got to be competitive."

Vons, which sells steak meat and ground beef to distributors (who, in turn, sell to restaurants), plans to step up these extracurricular activities. "We've only been operating the central plant for a year," says Hy Stein, vice president, manufacturing, "so we first wanted to make sure the plant was running smoothly."

Vons sets a minimum order at 2,000 lb., and the distributors pick up at the plant in refrigerated trucks. A&P, which sells to distributors and small restaurants in the vicinity of its Salem, Ohio, plant, delivers orders weighing 600 lb. or more.

Most other chains with central plants ship only to their stores, except for trimmings and "rough meat" (flank plates, briskets and shanks), and try to sell surplus cuts through aggressive promotions. Safeway, Ralphs, King "Soopers," Stater Bros., Albertsons and H. E. Butt are typical of supermarketers using this approach.

Chains are less prone to sell to outside sources if they operate stores in both low- and high-income areas because they have fewer problems in balancing inventories.

However, the balancing act isn't that cut and dried. In its Eastern stores, A&P uses more chucks than loins. As a result, the chain buys sufficient carcass cattle for its loins and then purchases additional chucks. (Example: The chain needs 10,000 loins and 15,000 chucks. The buyer orders 5,000 cattle, which yields 10,000 loins and 10,000 chucks. The buyer then orders 5,000 additional chucks.)

For chains selling to outside sources, the cardinal rule remains unchanged: Make sure the inside needs have been taken care of before going outside.

Suspected price fixers find themselves on Government hot seat

□ Rising retail meat prices have been a hot political issue in Washington for the past two years. Despite recent declines in beef and pork prices, don't look for Congress or the Carter Administration to stop beating that drum during the upcoming campaign.

If anything, food chains may find themselves even more vulnerable to charges of meat-market profiteering as the election season approaches.

Logically, this shouldn't be the case. The farm value of choice cattle peaked more than six months ago at well over $70 per hundredweight, and Government agricultural forecasters are predicting that carcass prices will remain steady at about $67 cwt. through 1979.

Price spread controversy: Retail beef prices, meanwhile, have also been drifting lower—but not fast enough to head off Carter Administration charges of profit gouging by supermarketers. At the heart of that controversy: a U.S.D.A. study indicating that the carcass-to-retail price spreads for both beef and pork "were about 10 cents higher per pound than could be justified by cost increases" to food chains during 1979.

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Later figures released by Federal agricultural economists show that the farm-to-retail price spread continued to widen through the summer despite wholesale price drops.

Yellow Sheet: For years now, Rep. Neal Smith's (D-Iowa) House Small Business Subcommittee has been investigating charges of a beef price fixing conspiracy among large meat packers and the publishers of the *Yellow Sheet*, the industry's most closely watched wholesale price reporting service.

More recently, Rep. Benjamin Rosenthal (D-N.Y.) joined the anti-*Yellow Sheet* chorus. In calling for a massive new Federal investigation into meat industry pricing practices, Rosenthal's House Government Operations Committee alleges that a group of Midwestern meat packers manipulated *Yellow Sheet* prices artificially lower to spark panic selling by cattlemen.

When food chains took the bait and scheduled deep-cutting beef price promotions, the group allegedly prodded the market sharply higher.

Weather forecast: But while politicians and Federal investigators seach for villains to blame for high beef prices, U.S.D.A. agricultural economists are eying the 1980 outlook with growing apprehension.

As usual, much of the concern centers on the weather. Although cattle prices are expected to remain below their spring peak through the end of this year, the impact of the long-term cattle herd rebuilding process could hit home by early 1980 if grazing conditions improve.

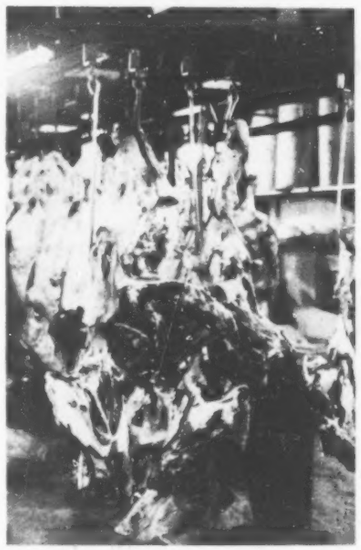
Pork outlook: Moreover, Federal agriculture experts are concerned that the pork outlook could turn cloudy—a development which, in turn, would have a dramatic effect on beef prices.

Hog producers are already jittery over the prospects of a Federal bacon nitrite ban, and Government support for "gasohol" could threaten feed supplies for many producers. Whether hog producers will become worried enough to back out of the market remains to be seen, but their decision could prove to be the key for beef prices during the early 1980's. □

Beef: nowhere to go but up

□ It probably won't give supermarket operators and their customers much solace to learn that the 10-year cattle cycle has finally bottom[illegible] out in 1979. Nevertheless, that may well be the best news concerning beef for at least the next 18 months.

The cattle cycle results from the raisers' traditional response to unfavorable marketing conditions: trimming the herd. Record high prices for feed due to weather-reduced crops and strong worldwide demand for grain combined with low cattle prices to touch off the decision to cut back.



Herd size drops: Record losses by cattlemen during the late 1970's actually resulted in one of the most severe drops in cattle population ever experienced in this country. Over the 1975-79 period, herd size contracted 16%—approximately 20.9 million head—from the previous peak. A swing of this magnitude has not been seen since the late 1930's.

The U.S. cattle industry's Jan. 1, 1979 inventory dropped to 110.9 million head from the previous year's 116.2 million head. Projections are for a small increase in 1980, but the cattle population may not fully re-

Beef prices
(Cost per lb.)

Cut	1973	1974	1975	1976	1977	1978
Porterhouse steak	$1.98	$2.05	$2.37	$2.27	$2.32	$2.87
Round steak	1.60	1.61	1.73	1.63	1.67	1.99
Rib roast	1.61	1.69	1.92	1.85	1.88	2.31
Rump roast	1.66	1.75	1.88	1.76	1.75	2.02
Chuck blade pot roast	0.95	0.93	0.96	0.86	0.84	1.12
Ground beef	0.94	0.93	0.85	0.83	0.81	1.11
Average for choice beef	1.42	1.48	1.61	1.71	1.82	1.95

Source: U.S. Department of Labor

Veal prices
(Cost per lb.)

Cut	1973	1974	1975	1976	1977	1978
Cutlets	$3.14	$3.43	$3.23	$3.03	$3.16	$3.67
Veal, retail cuts	1.82	1.94	1.81	1.73	1.75	2.10

Source: U.S. Department of Labor

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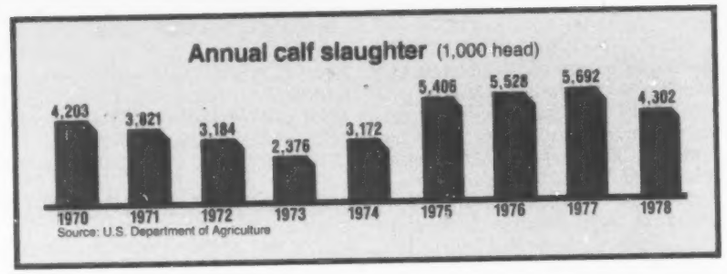
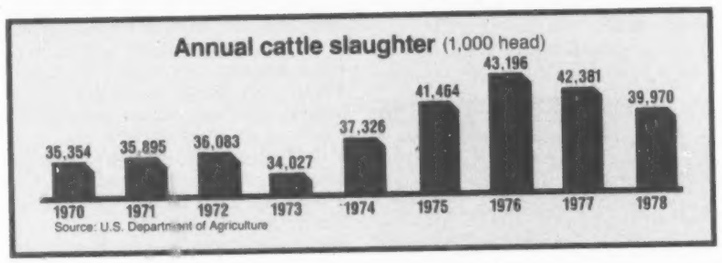
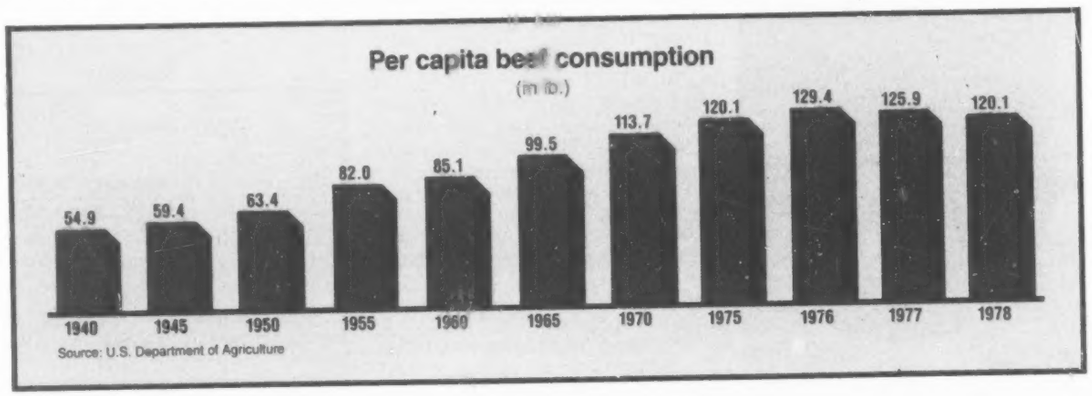
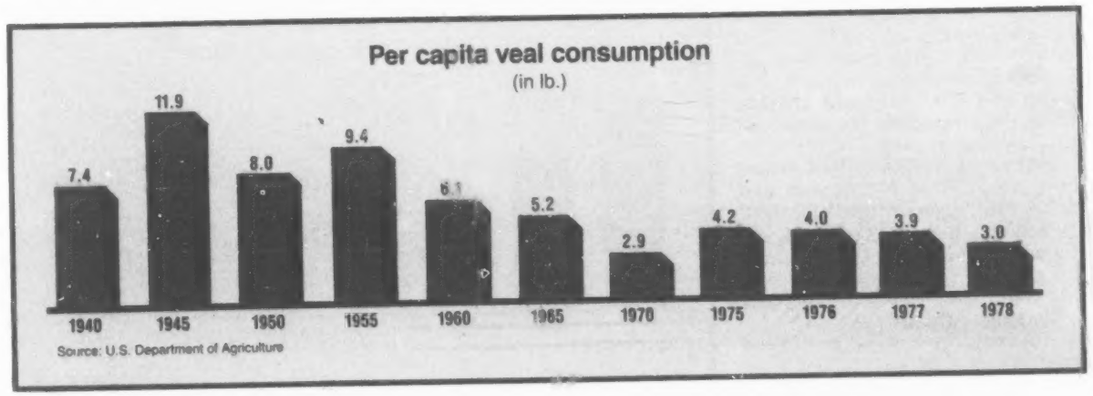








cover until sometime in 1982.

Short supply is having the expected effect on consumption. The average American ate 129.3 lb. of beef in 1976, the high point for beef-eating in the United States so far. This fell 3.4 lb. in 1977 and then a whopping 5.5 lb. last year.

We haven't seen anything yet, say most meat experts. Per capita consumption is running nearly 10% lower in 1979, with a projected total of just 109.0 lb. per person for the entire year.

An increasing percentage of

available beef is of the grain-fed variety so loved by consumers in this country. With large grain crops anticipated this year, it is likely that so-called "light" beef will account for an ever-dwindling portion of the total market in 1980.

Prices skyrocket: Beef prices have risen 15% in the last year, and further increases are likely for 1980. Rebuilding the herd takes time, and the process will have the parodoxical effect of actually reducing supply for a time before easing the situation eventually.

Hardest hit has been ground beef. Retail price has jumped from 69¢ a pound in 1977 to about $1.49 per pound this quarter. Insiders point to a shortage of cow meat—source for most ground beef—but don't see much chance of a reversal of the current price trend.

Expanded beef supplies are on the way, but it will take subtle and imaginative merchandising at the retail meat case to weather the period until the time of plenty returns. □

Pork hogs meat spotlight

□ No one really expects Americans to suddenly return to the pork-centered diet common during the late 19th and early 20th centuries, but the current trend is the most encouraging in several decades. Faced with somewhat spotty supply and staggeringly high retails for beef, more consumers are substituting plentiful pork products for steaks, roasts and ground round.

Raising hogs makes good sense from the producer's standpoint these days, too. Since hogs turn much faster than cattle, it makes it much easier for raisers to follow the swings in demand. Hogs are also cheaper to finish than cattle, especially in light of current attractive feed prices. Meanwhile, gradual erosion of consumer prejudices against pork has had a long-term positive effect on demand.

Pork producers seemed to hang back a bit in 1978, keeping production at a steady level while awaiting developments in the meat business. As a result, production and consumption during the year remained essentially the same as in 1977.

Swinging into high gear: When the full dimensions of the present beef shortage, with its accompanying high retail prices, became obvious, the pork industry swung into high gear. As a result, total production in the current year is expected to be as much as 15% over 1978, approximately 15.3 billion lb.

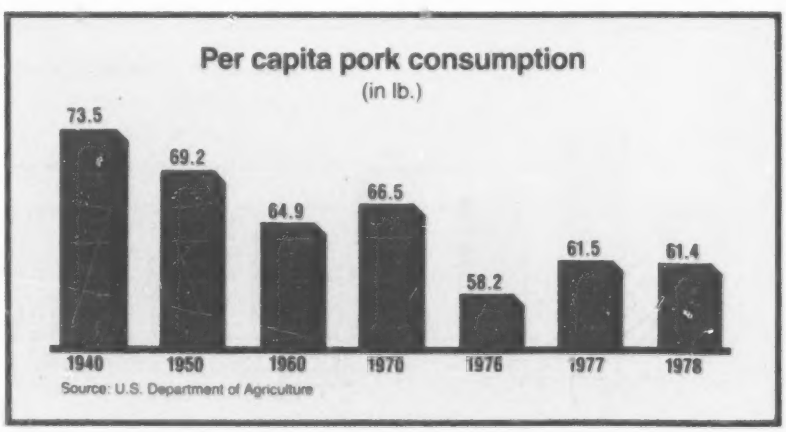
At the same time, per capita consumption of pork products has zoomed from 61.6 lb. in 1978 to a probable 70.0 lb. this year. This is by far the highest rate of consumption of pork since the beef shortage year of 1971. The figure represents a little over 38% of estimated total 1979 meat consumption.

Right now, hog producers are car-

Pork prices
(Cost per lb.)

Cut	1976	1977	1978
Loin chops	$1.88	$1.85	$2.06
Sirloin roast	1.34	1.23	1.44
Sliced bacon	1.52	1.40	1.58
Whole hams	1.19	1.14	1.28
Pork, retail cuts	1.34	1.25	1.44

Source: U.S. Department of Agriculture



rying out plans to build their production that will result in large year-to-year supply increases at least through the first half of 1980. The June 1 inventory of hogs and pigs, 64.9 million lb., was 18% higher than in 1978—and the largest since 1971. A breeding inventory 17% higher than last year's also supports the prediction of greater supply for next year.

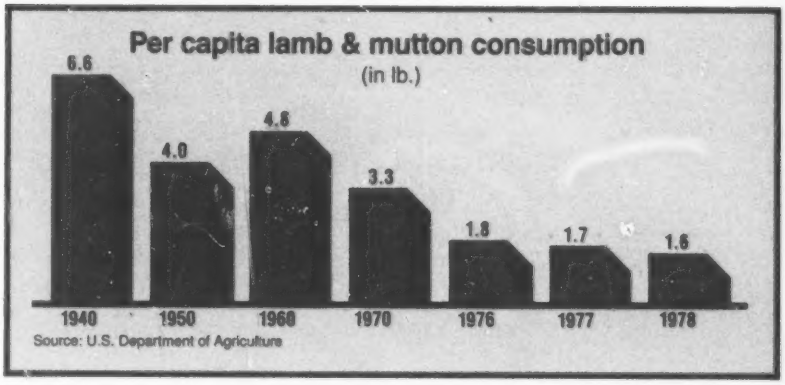
Lower prices: According to U.S.D.A. analyst Joseph Arata, prices for hogs are now about one-third lower than at the beginning of 1979. Coupled with anticipated dumping once the Midwest truck strike is settled, this should spell lower retail prices in 1980. Of course, higher beef retails will have an effect on pork prices, too, as some profit-taking is likely. □

Lamb: per capita consumption slides

□ Retail lamb prices rose 15% in 1978, piercing the $2 barrier for the first time in history. Unfortunately this increase, predicted in last year's *CSA* "Meat Manual," is no evidence of a resurgence of consumer demand. It is more reflective of the generally higher prices now found throughout the supermarket meat department than any sudden new enthusiasm for lamb.

Despite the diligent promotional efforts of the Lamb Council and other, similar groups, per capita lamb consumption in this country continues to head down, down, down. Some chains trading in major Northeastern cities still report relatively steady volume on lamb, but that's probably due to the presence in large numbers of ethnic groups, including Greeks and Jews, that have traditionally savored this type of meat.

Lamb isn't really in a position to benefit much from a switchover from beef. The reason is simple: Lamb still costs appreciably more than either beef or pork. Falling production tends to cancel out the softening demand to keep retails climbing. □



Poultry: All's fair for fowl

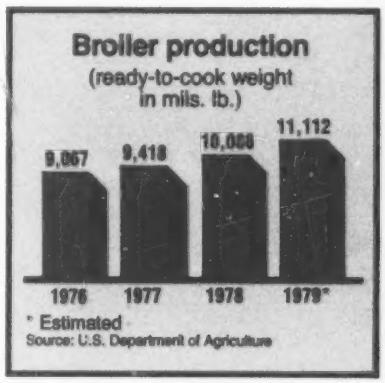
□ When high beef prices begin to crimp the family pocketbook, many Americans turn to poultry to satisfy their protein needs. That's exactly what's happening right now, and fortunately the nation's broiler and turkey producers are proving more than equal to meeting increased demand.

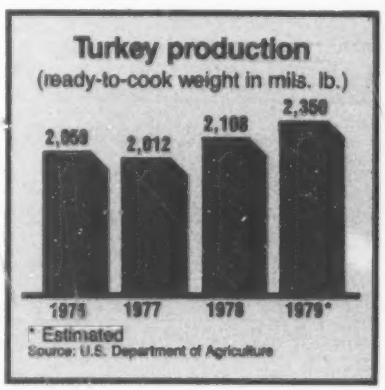
Broiler meat product climbed for the fourth straight year in 1978, up 7% over 1977 and 24% over 1975. Recent reports on eggs going into incubators promise a further 10% poundage gain for the year in progress.

Retail broiler prices did jump 15% last year despite higher production. "The shortage of beef and pork does move our prices up a little as demand increases," concedes Lee Campbell, president of the Poultry & Egg Institute of America. However, it must also be pointed out that broiler prices have actually advanced little since the late 1940's, due to production and processing efficiencies implemented by poultry companies.

Downward trend: Despite persisting strong demand for turkeys, prices have trended downward during second half 1979 in response to an 11% increase in production over 1978. Total 1979 turkey production (ready-to-eat) could well exceed 2.35 billion lb.

Turkey prices have declined through most of 1979, reversing a move to higher retails during the latter half of 1978. At presstime, turkey prices still rode above year-ago levels, but Government seers predicted that retails would be 10%-20% lower than in 1978 this Thanksgiving season. □





FINANCIAL NEWS

Stocks mixed in muddy market

Name	Symbol	PRICE From 09/07/79-10/08/79 High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt	Latest 12 Months vs Preceding 12 Months Change Pct	5-Year Annual Growth Rate	Profit Margin	P/E Ratio Today	FINANCIAL POSITION (Last Fiscal Year) In $Millions Revenue	Earnings	Current Ratio	(Last Fiscal Year) Per Share Long Term Debt	Stock Equity	Last Bal Sheet Date
—	—	$	$	$	$	%	$	$	$	$	%	%	%	—	$	$	—	$	$	—
Albertsons Inc	ABS	45.00	42.38	44.50	2.00	4.70	45.00	31.00	4.76	1.29 S	32.1	28.0	1.6	8.4	2269.0	36.4	1.4	28.0	20	0179
Alterman Fds	ALF	25.50	24.00	25.38	1.25	5.18	25.50	12.00	3.04	93 Q	39.4	30.0	1.0	7.7	436.0	4.2	1.6	16.3	26	0479
Amer Stores	ASCN	34.50	31.00	33.63	2.38	7.60	34.50	23.50	3.14	68 Q	26.4	24.0	2.3	10.3	1089.9	25.0	1.8	8.7	17	1278
Applebm Fd Mkt	APPL	15.75	15.00	15.00	.00	.00	15.00	4.75	1.66	49 F	41.8	39.0	1.4	9.0	128.0	1.4	1.5	3.7	8	0478
Arden Group Inc	ARDN	4.88	4.25	4.38	-.38	-7.89	5.38	2.00	.07	.09 S	75.0	NE	.2	20.8	443.8	.8	1.2	8.6	7	1278
Bayless Markets	BAYM	13.00	11.25	12.00	1.50	14.28	13.00	8.88	2.19	62 S	32.8	7.0	1.0	4.8	260.1	2.6	1.7	1.4	20	1278
Big V Supmkt	BVS	9.50	8.88	9.00	.13	1.40	10.25	6.06	1.69	.75 S	67.5	38.0	1.4	4.8	295.1	4.2	1.4	5.0	7	1278
Bormans Inc	BRF	5.88	5.25	5.25	-.38	-6.66	9.50	4.75	1.27	.85 S	163.4	16.0	.5	3.8	783.9	3.7	1.2	10.3	11	0179
Brunos Inc	BRNO	14.00	12.50	13.50	-.25	-1.81	15.25	8.25	1.51	.42 F	38.5	35.0	1.7	8.9	309.4	4.6	1.6	4.3	5	0678
Circle K Corp	CKP	22.50	20.50	20.88	.25	1.21	22.50	13.00	2.12	68 Q	39.0	26.0	2.4	8.6	438.6	10.7	1.8	11.8	10	0479
Cullum Companies	CULL	20.75	18.50	20.00	1.50	8.10	20.19	16.44	3.38	.92 F	37.3	85.0	1.2	5.9	639.1	6.6	1.5	17.9	15	0678
Dillon Cos	DLL	21.50	18.38	18.38	-3.13	-14.53	23.84	18.34	2.08	.36 F	20.9	19.0	1.9	8.8	1792.2	33.6	1.2	5.7	9	0679
Fisher Foods	FHR	11.63	8.38	9.25	-.50	-5.12	15.50	7.88	1.43	-1.23 S	-121.7	-32.0	.7	NE	1451.7	9.8	1.5	19.9	14	1278
Food Town A	FDTN	25.00	23.50	23.50	-1.50	-6.00	25.50	9.81	1.12	.50 S	57.4	40.0	3.2	17.2	299.3	9.5	1.4	1.2	4	1278
Foodarama	FSM	6.50	5.88	5.88	-.63	-9.61	7.88	5.88	1.59	-.30 N	-18.1	2.0	.6	4.4	376.1	2.2	1.5	2.6	16	1078
Giant Food A	GFSA	19.75	17.63	18.00	-.25	-1.36	19.75	12.44	3.40	.91 S	32.5	21.0	1.6	4.9	1080.8	17.0	1.5	18.2	20	0279
Grt A & P Tea	GAP	9.38	8.25	8.38	-1.00	-10.66	10.38	5.00	-2.10	-.39 S	49.3	NE	-.7	NE	7469.7	-52.2	1.4	14.0	16	0279
Hannaford Bros	HRD	12.25	11.38	11.50	-.75	-6.12	15.63	11.38	2.78	-.04 S	-1.5	11.0	1.0	4.6	377.5	3.6	1.8	28.4	18	1278
Jewel Co	JWL	26.38	23.88	25.63	1.00	4.06	27.00	19.00	3.59	1.44 S	53.7	9.0	1.2	6.2	3516.4	41.1	1.4	24.1	31	0179
King Kullen Groc	KKUL	17.00	15.00	15.00	-1.00	-6.25	17.25	11.00	2.85	.35 S	11.6	9.0	.7	4.5	281.0	2.0	1.5	0	32	0978
Kroger	KR	27.00	23.38	24.50	.25	1.03	27.00	15.69	3.11	1.29 S	53.7	23.0	1.1	6.6	7828.1	84.6	1.4	12.1	20	1278
Lucky Stores	LKS	17.38	16.50	16.88	-.38	-2.17	17.75	13.63	1.64	.33 S	22.0	16.0	1.7	9.2	4658.4	80.4	1.5	6.4	7	0179
Marsh Supmkts	MARS	5.63	5.00	5.13	.00	.00	7.25	5.00	1.11	-.23 Q	-19.3	24.0	.9	5.3	392.0	3.6	1.4	10.1	7	0379
Meyer Fred	MEYR	34.13	28.00	31.50	3.63	13.00	34.13	22.81	3.05	.20 S	7.1	21.0	2.3	10.5	927.1	20.9	1.5	15.9	21	1278
Motts Super	MSM	9.75	9.38	9.75	.25	2.63	11.03	6.38	1.95	.60 S	42.8	27.0	1.3	4.9	211.2	2.8	1.6	.3	10	1278
Munford Inc	MFD	9.38	7.88	8.38	-.75	-8.21	14.75	5.25	.17	.76 S	-146.1	-26.0	.3	34.9	260.0	.7	1.4	28.3	11	1278
Natl Conv Str	NCF	12.75	12.25	12.38	.00	.00	14.25	8.00	1.50	.27 F	21.9	30.0	1.9	8.3	263.7	5.0	1.3	1.7	6	0678
Natl Tea Co	NTY	5.13	4.88	5.00	.00	.00	5.25	3.63	.73	.11 S	16.9	70.0	.8	6.6	918.6	7.3	1.2	5.8	6	1278
Niag Fron Svc	NFS	28.75	25.88	28.25	2.13	8.13	31.25	17.63	3.63	.38 N	10.6	19.0	2.0	7.2	397.9	7.9	1.6	4.5	18	0678
Pneumo Corp	PNC	34.25	25.75	31.63	5.63	21.63	34.25	17.00	2.23	.30 N	12.9	4.0	1.1	12.1	627.0	6.6	2.4	17.7	24	1178
Pueblo Intl	PII	4.38	3.75	3.75	-.63	-14.28	5.38	3.50	.88	-.05 S	-5.3	60.0	1.4	4.2	296.2	4.0	1.3	8.1	7	0179
Safeway Stores	SA	39.75	36.75	36.75	-2.13	-5.46	44.00	34.38	5.60	.93 N	18.6	11.0	1.2	6.2	12550.6	146.1	1.2	33.7	36	1278
Seaway Food Town	SEWY	10.75	10.00	10.00	.00	.00	10.25	8.16	2.05	1.15 N	66.4	22.0	1.2	3.5	285.2	3.3	1.5	12.1	13	0978
Shopwell Inc	SH	5.38	5.00	5.13	-.38	-6.81	7.00	3.13	.46	.26 S	72.2	33.0	.3	8.3	211.6	.7	1.5	12.0	11	1278
Southland Corp	SLC	29.88	28.50	29.00	-.13	-.42	32.00	25.00	2.74	.61 S	25.7	19.0	1.9	9.7	3076.5	57.1	1.5	23.4	19	1278
Star Supermkts	STR	14.38	13.13	14.38	.63	4.54	14.38	8.69	2.51	1.15 N	53.2	14.0	1.1	4.3	228.3	2.4	1.4	5.2	18	1278
Stop & Shop	SHP	18.88	16.63	16.75	-1.63	-8.84	20.38	14.63	4.00	.52 S	14.8	9.0	.9	4.2	1762.1	16.0	1.6	44.6	29	0179
Sunshine-Jr	SJS	9.50	8.25	9.38	1.25	15.38	9.50	5.38	1.19	.34 S	30.6	7.0	1.7	6.5	93.6	1.6	2.3	.0	9	1278
Super Fd Svc	SFS	13.25	12.38	13.13	.50	3.96	17.13	12.38	1.97	.37 N	19.7	14.0	.4	5.9	667.6	2.4	1.7	9.9	14	0878
Supermkts Gen	SGL	19.75	16.50	16.63	-1.63	-8.90	19.75	10.88	1.98	.87 S	58.0	44.0	.9	7.0	2061.9	17.9	1.3	23.5	13	0179
Thorofare Mkts	TMI	4.50	4.00	4.50	.00	.00	5.13	2.38	.34	.10 N	34.4	NE	.2	11.5	200.9	.4	1.9	.4	10	0778
Thriftimart A	TFTA	26.88	24.50	25.88	.75	2.98	27.63	14.50	4.86	3.05 S	74.0	26.0	1.2	3.6	368.1	4.5	1.6	1.1	43	0379
Victory Markets	VMKT	3.50	3.00	3.13	-.38	-10.71	4.13	2.63	.74	.09 S	14.7	12.0	.5	4.5	228.6	1.1	1.2	8.0	8	1278
Waldbaum Inc	WALD	14.25	13.25	13.50	.00	.00	14.31	8.50	2.85	.96 Q	50.7	12.0	.7	4.7	941.5	7.0	1.4	20.0	23	1278
Wengarten J Inc	WEIN	9.38	8.25	8.88	.63	7.57	9.63	4.88	.62	2.24 F	-138.2	-23.0	.2	14.3	500.3	-3.7	1.5	9.1	12	0678
Wes Markets	WMK	28.50	26.75	28.38	1.25	4.60	28.50	22.38	2.71	.47 S	18.5	17.0	.4.7	9.5	518.0	24.6	3.5	.0	15	1278
Winn-Dixie A	WIN	31.63	30.00	31.38	1.00	3.29	33.75	25.50	3.24	.40 F	14.0	13.0	1.9	9.7	4930.5	94.5	2.0	4.0	19	0679

All information in this table is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered in future editions.

(KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings)

Q—First quarter S—Six months F—Fiscal year N—Nine months

**—Other than a quarterly multiple resulting from a fiscal year change*

Table prepared by Media General Financial Services, Richmond, Va. 23261

Boardroom analysis

A generally uninspiring round of partial-year financial reports resulted in an equal number of gainers and losers among leading supermarket stocks this month.

Many operators appeared to be having trouble keeping their sales volume growing as fast an inflation. Coupled with mounting Government pressure on all segments of the food distribution system to hold down profits, this had a depressive effect on some issue prices.

During the September 7-October 8 period, 20 stocks rose, 20 fell and seven marked time on the list of 47 supermarket stocks monitored.

Chains showing higher prices included Albertsons (+4.70%), Alterman Foods (+5.18%), American Stores (+7.60%) and A. J. Bayless (+14.28%). A number of the largest food retailers landed on the downside list this time, including Dillion (−14.53%), Safeway (−5.46%), A&P (−10.66%), Stop & Shop (−8.84%).

FINANCIAL NEWS

Black ink for A&P

A&P's decision of last March to weed out another batch of unprofitable supermarkets seems to be having the desired effect on overall performance. The Montvale, N.J., chain's financial report for the first half, ended Aug. 25, shows the nation's third-largest food retailer solidly in the black for the year thus far.

The smaller number of operating units resulted in a sales drop of a little over 9% to $3,344,262,000 from the previous year's total of $3,678,462,000.

It was a completely different story when it came to profits, however. A&P rolled up a net income of $8,532,000, a substantial improvement over last year's first-half loss of $16,802,000.

Safeway still struggling in current fiscal year

Despite its launch of "Price Cutter" promotions, which have kindled bushfire price wars in some markets, Safeway's financial report for the nine-month period ended Sept. 8 shows that the chain is still having trouble building volume.

Total chain volume increased 8.4% during the first three quarters to $9,359,000,000, up from the previous year's sales of $8,633,493,000. Obviously, the gain was somewhat less than the rate of food price inflation over this period. Although officials of the Oakland, Calif., retailer declined to comment on this latest report, previous statements indicate that shoring up volume in the operation's 2,430 units is management's top priority.

Safeway's profits rose 8.6% to $106,900,000, but this is a deceptive statistic in that the increases

apparently did not result from added revenues from continuing operations.

The chain received a credit of $9,823,000 (38¢ per share) due to a change in tax laws in the United Kingdom. The new rules allow Safeway to retain money previously set aside for payment of taxes.

The company also improved its standing with respect to conversion of foreign customers. It cut its losses to $19,000, vs. a total of $5.5 million for the comparable period of the previous fiscal year.

Thriftimart makes strong first-half showing

Sale of its majority interest in Coca-Cola Bottling Company of Taft, Calif., helped Los Angeles-based Thriftimart score a 92.9% gain in net income for the first half of the chain's current fiscal year, ended Sept. 9.

Net income for the year's initial six-month period was $4,322,000 ($4.73 per share), compared to the profit of $2,241,000 notched in first-half fiscal 1978. Although the 44-store operation would still have notched improved profit, sale of the subsidiary to Coca-Cola Co., Atlanta, Ga., was worth $1.70 per share on the bottom line.

Thriftimart sales rose an inflation-beating 15.3% during the six-month period covered by the report, reaching $191,893,000.

Competition cuts Stop & Shop profit

Stop & Shop net profits are still running slightly ahead of last year as the Boston-based chain heads into the second half, but a sizable second-quarter profit drop bears watching.

For the six-month period ended Sept. 18, the chain logged 8% higher sales, increasing from $872,059,000 to $940,354,000. Over the same 28-week period, Stop & Shop showed a profit gain of 2% to $3,575,000.

The second quarter, considered alone, was far less successful than the first half taken as a whole. Despite the effect of inflation on food prices, the chain's sales increased only 6.7%, while net income fell nearly 30%.

Top management blamed the recession, complicated by the gasoline shortage and unseasonably cool weather in its trading area for the disappointing performance. The uncertain weather, the company claims, especially damaged the apparel business at its Bradlees discount department stores.

Things weren't exactly easy for the Stop & Shop supermarket division, either. Widespread use of double and triple coupons, increased advertising and promotion and the proliferation of extremely successful warehouse-type supers made it tough going.

Chain Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Safeway	9 mos.	9/8	$9,359,000,000	+ 8	$106,900,000	+ 9	1.14
Star	9 mos.	9/8	169,319,784	+ 8	2,147,940	+ 73	1.27
Stop & Shop	6 mos.	8/16	940,354,000	+ 8	3,575,000	+ 2	0.36
A&P	6 mos.	8/25	3,344,262,000	− 9	8,532,000	+151	0.26
Thriftimart	6 mos.	9/9	191,893,000	+15	4,322,000	+ 93	2.25
Wetterau	3 mos.	6/30	294,482,000	+19	2,633,000	+ 12	0.88

Source: *Chain Store Age*